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*Attorneys for plaintiff Michele Galotta*

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

MICHELE GALOTTA, an individual,  
Plaintiff,

vs.

MUDDY WATERS CONSULTING LLC, a  
Delaware limited liability company;  
MUDDY WATERS CAPITAL LLC, a  
Delaware limited liability company, and  
CARSON C. BLOCK, an individual,  
Defendants.

Case No.: 3:21-cv-5556

**COMPLAINT FOR DEFAMATION**

**JURY TRIAL DEMANDED**

Plaintiff Michele Galotta alleges:

**JURISDICTION**

1. The Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332, as there is complete diversity between plaintiff and defendants, and the amount in controversy exceeds \$75,000, exclusive of costs and attorney fees.

**VENUE**

2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b)(1), because all defendants reside in the same state, and at least one of the defendants resides in this district. Venue is also proper pursuant to 28 U.S.C. § 1391(b)(2), because a substantial part of the events or omissions giving rise to the claims asserted occurred in this district.

**PARTIES**

3. Plaintiff Michele Galotta ("Plaintiff") is an individual, a citizen of Italy.



1 concerned Solutions 30 SE. Although the Report is anonymous, Plaintiffs are informed and believe  
2 that Defendants wrote and sent the Report to Solutions SE.

3 12. Among other things, the Report falsely and baselessly accused Solutions SE and its  
4 related companies (a) were connected to and facilitating activities of money laundering; and  
5 (b) employing former and current criminals as representatives.

6 13. On or about December 8, 2020, Bloomberg published the Report. On social media  
7 (Twitter), Defendants denied being the source of the Report, yet republished the substance of the  
8 Report and endorsed it for Defendants' readership of more than 180,000 followers. The extreme and  
9 irresponsible language from the Report, and the commentary about it, echoed through the  
10 blogosphere, just as Defendants planned.

11 14. On or about January 25, 2021, Defendants sent a letter to Mr. Fortis, not only  
12 questioning Solutions 30 SE, but defaming Salmoiraghi personally, and by implication companies  
13 affiliated with him. The January 25, 2021 letter stated in pertinent part:

14 We remain short S30, and in our view, the Anonymous Report's  
15 allegations of fraud and money laundering are likely at least  
directionally correct. . . .

16 . . . (Mr. Salmoiraghi has a long history of dealings with S30, such as,  
17 BSS was once owned, in part, by RZA Connect S.R.L., which is  
current owned by Mr. Salmoiraghi through various intermediate  
18 entities)

19 15. On or about April 9, 2021, Defendants sent a letter to Mr. Fortis, this time repeatedly  
20 defaming Plaintiff personally, and by implication companies affiliated with him. The April 9, 2021  
21 letter stated in pertinent part:

22 How could S30 key business partner and courtier Federico Salmoiraghi  
23 form a company called Manpower Services Ltd. in Bulgaria with the  
same Michele Galotta who had been arrested as part of the organized  
24 crime mass arrest operation called "Operation Black Spirit"? Fredo  
states that the arrested Michele Galotta is "a gangster arrested and  
25 imprisoned since 12/9/19", and asks "How do you explain that he could  
start a Manpower business on 3/11/21?"

26 16. The same letter dated April 9, 2021, stated in pertinent part:

27 Just as we can't explain exactly how Mr. Angelo Zito's former  
28 associates, the Graviano Brothers, smuggled their semen out of prison,  
we don't know how Mr. Galotta co-founded this company from the joint  
(if indeed he is still there). However, we do have the public records

1 suggesting that Mr. Salmoiraghi did indeed co-found this company with  
2 (as Fredo puts it) “a gangster”.

3 17. A brief research into Plaintiff’s status as an Italian citizen would have enabled  
4 Defendants to ascertain the falsity of the tweet. Instead, Defendants not only included false  
5 information in their public letter dated April 9, 2021, based on the alleged tweet by “Fredo”, they  
6 doubled down including their own false speculations with regard to Galotta having “co-founded  
7 [the] company from the joint”.

8 18. In addition, Defendants allude to Plaintiff possibly still being in prison and  
9 conducting business from there, which, much like the assertion that Plaintiff had “co-founded [the]  
10 company from the joint”, was not included in the alleged tweet and was the product of their  
11 unsupported speculation, with no regard for Plaintiff’s reputation.

12 19. As his history clearly confirms, not only was Galotta never confined to jail nor  
13 prison, his criminal background as of the date of this complaint, is entirely immaculate.

14 20. Defendants’ defamatory statements regarding Plaintiff in connection with  
15 Salmoiraghi and his companies, defame him and his companies by implying that employed  
16 individuals who had been in jail in order to facilitate a money laundering scheme. Defendants’  
17 statements in these areas are outrightly false or create a false implication that Plaintiff is unethical  
18 and, more importantly, that the companies with which he is affiliated are unsafe investments.

19 21. While Defendants sometimes attempt to remain vague and in engage in insinuation  
20 and speculation, in order to limit their exposure to defamation, their tactics are at times more direct,  
21 but even when not, they are transparent.

22 22. As set forth above, Defendants have, through their statements about the alleged  
23 unlawful activities by Plaintiff and his companies, with focus on the companies that are connected  
24 to Salmoiraghi, publicly stated or implied that Plaintiff has criminal associations and background,  
25 and that Plaintiff was employed as a former criminal in order to facilitate a money laundering  
26 scheme.

27 23. As set forth in detail above, these implied statements of fact are demonstrably false  
28 and misleading. Defendants have made these statements and implications by the selection and

1 juxtaposition of true statements so as to imply a defamatory connection between them, as well as by  
 2 omitting facts that would have dispelled the defamatory implication and revealed the truth.

3 24. Defendants made these statements either knowing that they were false, or in reckless  
 4 disregard of their truth or falsity Through Defendants' malice toward Solutions 30 SE, Defendants  
 5 have acted without regard to the rights of others affected by Defendants' defamatory statements or  
 6 the effect Defendants' actions would have on Plaintiff and his reputation.

7 25. These implied statements of fact have harmed and will harm or threaten to harm  
 8 Plaintiff in his business. The allegations of dishonesty and of violating the law culminating in an  
 9 arrest and imprisonment that never took place, are defamatory *per se*. Because Defendants' false  
 10 and misleading statements are defamatory *per se*, damages are presumed, for Galotta, an individual,  
 11 for the damage is to his personal reputation. Plaintiff has been (and likely be further) substantially  
 12 injured as a result of these false statements including, among other things, loss of goodwill. Plaintiff  
 13 has lost business and continues to suffer the repercussions of the false statements on his reputation  
 14 and ability to secure new agreements. The baseless allegations threaten to have the business  
 15 community, and in particular, financial institutions, shun Plaintiff and his companies, and cause  
 16 Plaintiff to lose access to banking services and the like. This harm and risk of future harm is  
 17 ongoing.

### 18 PRAYER FOR RELIEF

19 WHEREFORE, Plaintiff prays:

- 20 1. For damages according to proof;
- 21 2. For exemplary and punitive damages;
- 22 3. For costs of suit;
- 23 4. For attorney fees to the extent permitted by law; and
- 24 5. For such further legal and equitable relief this Court deems just and proper

25 Dated: July 20, 2021

TOSOLINI, LAMURA, RASILE & TONIUTTI, LLP

26 By: /s/ S. Martin Keleti

S. Martin Keleti

27 Attorneys for plaintiff Michele Galotta

**DEMAND FOR JURY TRIAL**

Plaintiff demands a trial by jury of all issues so triable.

Dated: July 20, 2021

TOSOLINI, LAMURA, RASILE & TONIUTTI, LLP

By: /s/ S. Martin Keleti

S. Martin Keleti

Attorneys for plaintiff Michele Galotta